

Message Text

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ACTION OES-06

INFO OCT-01 EUR-12 NEA-10 ISO-00 FEA-01 ACDA-07 CIAE-00
INR-07 IO-13 L-03 NSAE-00 NSC-05 EB-07 NRC-05 DODE-00
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FM AMEMBASSY ISLAMABAD
TO SECSTATE WASHDC 9048
INFO AMEMBASSY OTTAWA
IAEA VIENNA 178
ERDA GERMANTOWN

C O N F I D E N T I A L ISLAMABAD 12755

E.O. 11652: GDS
TAGS: MARR, PARM, PK, CA
SUBJECT: PAK/CANADIAN NUCLEAR NEGOTIATIONS

REF: ISLAMABAD 12032

1. CANADIAN DCM STOCKWELL DECEMBER 14 GAVE POL CONSELOR
RUNDOWN OF LATEST DEVELOPMENTS IN PAK/CANADIAN NUCLEAR
NEGOTIATIONS.

2. ON DECEMBER 4, GOC HAD REPLIED TO GOP NOVEMBER 18
PROPOSAL (REFTEL) BY REITERATING ITS OWN "TWO-YEAR"
PACKAGE SUBMITTED TO PAK NEGOTIATORS IN LATE JULY.
CANADIANS HAD SAID THAT SINCE GOP WAS GOING AHEAD WITH
THE FRENCH PAKISTAN REPROCESSING PLANT, THE TEN-YEAR
OPTION OFFERED TO PAKISTAN AT THAT TIME WAS NO LONGER IN
PLAY, NOR WAS THE FIVE-YEAR OPTION. THE CANADIANS DID
NOT EXPLAIN WHY THE LATTER WAS NO LONGER A NON-STARTER
BUT, ACCORDING TO STOCKWELL, THE REASON IS THAT THE GOP
CLEARLY WILL NOT ACCEPT CANADIAN CONTROL OVER THE
USE OF NON-CANADIAN NUCLEAR MATERIALS GOING INTO AND COMING
OUT OF KANUPP WHICH IS A KEY ELEMENT IN THE OPTION.

3. STOCKWELL RECALLED THAT THE TWO-YEAR OPTION PROVIDED
FOR A GUARANTEED SUPPLY FOR KANUPP DURING THAT PERIOD
OF CANADIAN HEAVY WATER, FUEL AND SPARE PARTS. SAFEGUARDS
WOULD APPLY TO CANADIAN MATERIAL AND WOULD CONTINUE ON
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FUTURE GENERATIONS OF SUCH MATERIAL. NO SUBSTITUTION OF

NON-CANADIAN MATERIAL WOULD BE PERMITTED AT KANUPP WITHOUT THE PRIOR WRITTEN CONSENT OF THE GOC.

4. THE CANADIANS HAD TOLD THE PAKS THAT BECAUSE THERE WAS A GOOD POSSIBILITY OF THE GOC ANNOUNCING A NEW POLICY ON NUCLEAR EXPORTS SOMETIME IN DECEMBER A REPLY WAS REQUIRED FROM THE GOP BY DECEMBER 13. STOCKWELL STATED THAT THE GOC HAD EARLIER GIVEN A DECEMBER 1976 DEADLINE TO ALL COUNTRIES INVOLVED IN RENEGOTIATING NUCLEAR COOPERATION AGREEMENTS WITH OTTAWA. HE SAID THE CANADIANS NO LONGER HAD ANY MAJOR PROBLEMS OUTSTANDING WITH ANY COUNTRY OTHER THAN PAKISTAN.

5. FOREIGN SECRETARY AGHA SHAHI CALLED IN THE CANADIAN AMBASSADOR ON THE NIGHT OF DECEMBER 13 TO PASS THE GOP REPLY. IT HAD BEEN LARGELY A RESTATEMENT OF THE WORDING OF THE GOC TWO-YEAR PACKAGE OFFER. HOWEVER, THERE WERE THREE POINTS IN THE CANADIAN OFFER WHICH WERE NOT COMPLETELY RESPONDED TO IN THE GOP REPLY.

6. THERE WAS NOTHING IN THE PAK PROPOSAL REGARDING SUBSTITUTION. THE PAKS SAID IN EXPLAINING THE OMISSION THAT THIS WAS BECAUSE SUBSTITUTION WAS ALLOWED UNDER IAEA RULES PROVIDED THAT THE IAEA IS INFORMED ABOUT THE SUBSTITUTION AND THE SUBSTITUTED MATERIAL IS PLACED UNDER IAEA SAFEGUARDS. STOCKWELL SAID HE FELT THAT THIS WOULD BE NO PROBLEM PROVIDED THE IAEA POSITION IS FULLY SPELLED OUT IN THE FINAL PROTOCOL.

7. THE PAKISTAN REPLY DOES NOT MEET THE CANADIAN DEMAND THAT IF THE GOP STAGES ANY NUCLEAR EXPLOSION WHATEVER MATERIALS ARE USED, ALL CANADIAN SUPPLIES WILL IMMEDIATELY CEASE. ALL THE PAKISTANIS WERE WILLING TO STATE WAS THAT IF ANY EXPLOSION TOOK PLACE IN THE CONTEXT OF THE AGREEMENT, I.E. WITH THE USE OF CANADIAN MATERIAL, THE CANADIANS WOULD HAVE THE RIGHT TO CUT OFF SUPPLIES. STOCKWELL SAID HE BELIEVES THAT THIS DIFFERENCE CAN BE PAPERED OVER BY AN EXCHANGE OF LETTERS IN WHICH THE CANADIANS STATE THAT THEY UNDERSTAND THAT ANY EXPLOSION WILL MEAN A CUT OFF

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OF THEIR SUPPLIES AND THE PAKISTANIS REPLY THAT THEY NOTE THE CANADIAN POSITION. HE FEELS THAT THIS MAY SERVE TO PROTECT THE CANADIAN GOVERNMENT FROM PUBLIC AND PARLIAMENTARY CRITICISM AT HOME ON THIS SCORE.

8. THE PAK REPLY ALSO OMITTS ANY REFERENCE TO WHAT WOULD HAPPEN TO THE CANADIAN VETO OVER REPROCESSING OF CANADIAN MATERIAL FROM KANUPP SHOULD FOR ANY REASON THE

AGREEMENT CEASE TO BE IN EFFECT DURING THE TWO YEAR PERIOD.
IN STOCKWELL'S VIEW, THIS COULD BE THE "CRUNCHER."

9. THE PAKISTANI PROPOSALS WERE FORWARDED THIS MORNING
TO OTTAWA AND STOCKWELL SAYS THAT A COPY OF THEM SHOULD
REACH THE CANADIAN EMBASSY IN WASHINGTON WITHIN THE
NEXT FEW DAYS. HE EXPECTS THAT A WASHINGTON EMBASSY
REPRESENTATIVE WILL WANT TO GO OVER THE DETAILS OF THE
PROPOSALS WITH DEPARTMENT REPRESENTATIVES SHORTLY.
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